CITY OF REGINA

Saskatchewan, Canada

2003 Annual Financial Report

Year Ended December 31, 2003

104-06034/

City of Regina
Saskatchewan, Canada

2003 Financial Report

Year Ended December 31, 2003

Canadian Award for Financial Reporting

Presented to

City of Regina, Saskatchewan

For its Annual
Financial Report
for the Year Ended
December 31, 2002

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.

Edward Harrington
President

Jeffrey L. Esser
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Regina for its annual financial report for the fiscal year ended December 31, 2002. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements and we are submitting it to GFOA.

This is the 11th time the City of Regina has received an award for its Annual Financial Report.

The 2003 Annual Report for the City of Regina was prepared by the Finance Department, with contributions from all City Departments and related organizations.
City of Regina, Saskatchewan, Canada
www.regina.ca

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CITY OF REGINA

June 8, 2004

His Worship, the Mayor
and Members of City Council

I am pleased to submit the City of Regina's Annual Financial Report for the year ended December 31, 2003. The Annual Financial Report is submitted pursuant to Section 155 of *The Cities Act*. The financial report includes consolidated financial statements for the City of Regina reporting entity as required by the Public Sector Accounting Standards Board (PSAB). The purpose of this report is to provide financial, statistical and other information about the City of Regina and related entities to allow readers to gain an understanding of the City and the resources available to the City.

The Annual Financial Report consists of the following sections:

- the introduction familiarizes readers with the history of Regina, the political and organizational structure of the City, and the nature and scope of the services provided by the City,
- the financial section includes the Consolidated Financial Statements, and
- the statistical section contains additional information to provide a broader understanding of the City of Regina.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of management of the City of Regina. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Pioneer Village, Regina Regional Economic Development Authority, Buffalo Pound Water Administration Board, Regina Downtown Business Improvement District, Regina Public Library and Regina's Old Warehouse Business Improvement District.

City Council appointed the accounting firm of Deloitte & Touche, LLP to perform an independent audit of the City's 2003 financial statements, and their report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls. The Finance and Administration Committee is required to review the external auditor's audit plan, and ensure corrective action is taken for weaknesses identified in the City's internal control system.

The planning development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. Significant points to note regarding the financial administration of the City include:

- In 2003, there was an increase in the City's mill rate of 1.1%. Core programs and service levels were maintained, while the amount of funding for capital requirements was increased.
- The City's AA+ bond rating with a stable outlook was reaffirmed by Standard and Poor's.
- For 2003, the City's General Operating Fund ended the year with an operating surplus of approximately $1.17 million. The surplus is determined on a basis consistent with the presentation of the 2003 General Operating Budget and is prior to consolidation and application of the PSAB standards.

- Based on the consolidated information, the following points are noted for 2003:

  - Total revenues in 2003 increased by about $17.2 million from 2002. The most significant increase (over $10.0 million) resulted from an increase in government funding for capital projects.

  - Total expenditures in 2003 increased by about $41.1 million. The most significant increase was in capital spending, particularly in the water, wastewater and drainage program areas. There was also an increase in wages and benefits resulting from negotiated or arbitrated settlements.

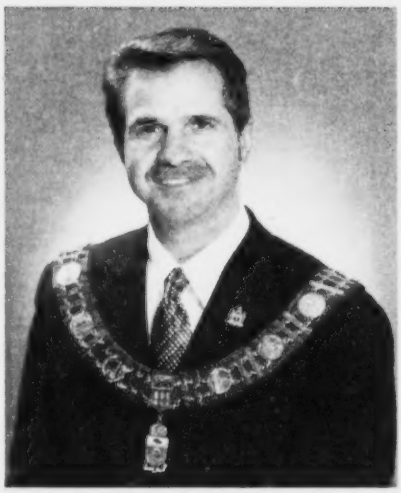
The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 11th consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its annual financial report for the fiscal year ended December 31, 2002. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

Respectfully submitted,

Doug Fisher, CA
Director of Finance

Introduction

Message from the Mayor



The coming year promises to be a strong one for Regina, Canada's greatest city. With the Conference Board of Canada predicting Regina will be in the top three Canadian cities for economic growth, major revitalization projects for Wascana Park and Regina Exhibition Park under way, and the city preparing to host the 2005 Canada Summer Games, 2004 will be another busy and rewarding year.

On the financial front, it also promises to be a year of change for Regina, and all Canadian cities. Municipalities continue to face fiscal challenges as expectations and responsibilities increase while revenue sources remain the same. The importance of partnerships between municipal, provincial and federal governments has never been greater. We are working with both levels of government to establish long-term, sustainable funding agreements that grow with the economy. I am pleased to see support for this renewed arrangement and thank both the provincial and federal governments.

Big City mayors across Canada have joined together to call for a greater share of tax revenue. We made great strides at the Mayor's Summit in January 2004, where we agreed on a number of recommendations aimed at the federal government. These include a 100% rebate of the GST paid by municipalities and their agencies, and a five-cent-a-litre share of the federal fuel excise tax for municipalities. As Chair of the Big City Mayors' Caucus of the Federation of Canadian Municipalities, I will continue to take forward these and any emerging issues in a timely manner.

The Saskatchewan City Mayors' Caucus and the Saskatchewan Urban Municipalities Association will also continue to work with our provincial government to develop a long-term, revenue sharing agreement to replace the annual grants currently given to municipalities.

I believe Regina's future remains bright. The "I Love Regina" campaign continues to build civic pride and help attract residents and businesses to our city, promoting our low cost of living, our high quality of life, and the friendliest people on the planet!

I look forward to serving you for another year as your Mayor in our great city.

Sincerely,

Pat Fiacco

Pat Fiacco
Mayor

Community Overview

In 2003 Regina celebrated an important milestone; the 100th anniversary of its incorporation as a city. The year allowed the Queen City of the Plains to reflect on its accomplishments since 1903, when it was a small prairie settlement of just over 3,000 citizens. From those humble beginnings, the City has grown to today's regal presence in the heart of the Canadian prairies. One hundred years of responsible government, dynamic leadership, enviable lifestyle, and a burgeoning business climate created a city that is proud to be the capital of Saskatchewan.

Regina's Glorious Past

In June 1882, a group of 17 pioneers camped near the site of the present-day Wascana Lake. A small CPR railway depot was quickly built to service the fledgling community, named after Queen Victoria. A year later, Regina became the capital of Canada's North West Territories, which at that time, encompassed an area larger than present-day Europe.

Within 20 years, the small community blossomed. Regina was incorporated as a city on June 19, 1903. During this time, its citizens established many firsts as they laid the framework for future prosperity. The new city was chosen as the capital of Saskatchewan in 1905. To provide transportation for its growing number of residents, Regina implemented Saskatchewan's first public transit system in 1911. Canada's first aerodrome opened in Regina in 1920. Local resident R.J. Groome became Canada's first commercial pilot the same year. The city was also home to the province's first radio station, CKCK, in 1922. The radio station was the first to broadcast a church service in the Commonwealth and the first station to broadcast a hockey game a year later.

The Depression in the 1930's was difficult for everyone, and Regina was no different. To provide workers with a job, a government project employing 2,100 men was started to drain and dredge Wascana Lake. However, prosperity returned to the Queen City after the Second World War. Tremendous growth resulted in today's vibrant, multi-cultural city that is an anchor of economic activity in the heart of Canada's vast rolling prairies.

Regina's Bold Present

In a time when big business is perceived to be at home in only the largest urban centres, Regina is determined to make her welcoming presence known from coast to coast.

The "I Love Regina" campaign continues to welcome new and returning residents to the Queen City. This community-driven initiative has united citizens in showing their pride in their city and spreading the message to friends, family, and businesses across Canada that Regina is a great place to live, work, and play.

It's not a hard message to send. In 2003, Moody's Investors Service reported in their semi-annual report on Canadian real estate that Regina had the "healthiest" commercial real estate market in the nation. The company rated Regina 84 out of a 100 for its balance between supply and demand in most property types.

As the Canadian city closest to the geographical center of North America, Regina is an ideal manufacturing and distribution center. Competitive businesses can ship their products to over ten million people within a 10-hour truck drive. Both the CN and CP Railways have intermodal terminals in Regina to receive and ship goods to points across the continent. If time is an issue, the Regina International Airport provides local firms the flexibility of transporting materials on short notice.

The city's phenomenal growth in 2003 is another indication of Regina's ability to attract both residents and businesses. During the year, the City issued nearly 1,600 building permits valued at over $215 million, up $75 million from the previous year. Although the number of houses sold through MLS® were down slightly, the total annual dollar volume of $274.7 million in 2003 was the second highest on record.

From the beginning, agriculture has played a vital dominant sector in Regina's economy. The city became the distribution point for farm machinery for the western Canadian grain belt, and was the natural choice as a site for head offices of banks, trust companies and insurance companies. Saskatchewan Co-operative Wheat Producers Limited, the forerunner of the Saskatchewan Wheat Pool, was formed in the 1920's, which gave a boost to Regina's agricultural base.

Although drought, insects, and Bovine Spongiform Encephalopathy (BSE) affected producers throughout western Canada, residents and businesses in the Queen City rallied around the agriculture and livestock industry in 2003 by hosting several special events and barbecues, including "Beef Without Borders" at the Buffalo Days Exhibition. Regina's two premier agricultural shows – the Western Canadian Farm Progress Show and the Canadian Western Agribition – were also well attended. Agribition saw an increase in 2003 livestock entries and registrations in their International Business Centre over the previous year. Agribition President Larry Brack noted "Agribition sales are the benchmark for the agricultural industry. The results of this year's sales show continued confidence and appreciation for Canadian livestock genetics".

Agriculture and livestock shows are just a few of the many conferences and shows held in Regina during its Centennial year. The city hosted over 20 national and western Canadian events, including the first annual Western Canadian Music Awards and the 46th Annual Canadian National Arabian and Half-Arabian Championship Horse Show, commonly known as the Royal Red.

It is no secret that Regina is home to Canada's most passionate and devoted football fans. As part of its Centennial celebrations, Regina was proud to host the 91st CFL Grey Cup. Over 25,000 visitors arrived in the Queen City to enjoy the Grey Cup activities, culminating in the championship game on November 16.

Regina's focus isn't limited to agriculture and hosting major special events. Other major industries contributing to the city's prosperity include manufacturing, primary industries and utilities, transportation, petroleum technology, resource management, and information and communications technology. The growth in these areas, coupled with Regina's outstanding quality of life, are helping the city reach its fullest potential.

Quality of life is a priceless commodity, and one that Regina offers in abundance. Residents enjoy one of the lowest housing costs in Canada, with the average selling price of approximately $104,000 in 2003. Residents also enjoyed a low annual inflation rate of just 2.3%. The city boasts one of the lowest unemployment rates in the nation, averaging 5.7% in 2003.

Together, these factors establish a strong foundation for affordable living that is the envy of other major Canadian cities. The Province of Saskatchewan's *2003 Intercity Comparison of Taxes and Household Charges report* notes that Regina has the lowest cost of living when compared to five major cities in

Canada, including Winnipeg and Calgary. For a Regina family of four with a total household income of $50,000, residents would pay $13,755 in taxes and household charges, where as the same family would pay $14,673 in Winnipeg and $16,890 in Calgary.

Residents and visitors alike comment on the beauty of Regina. The city's majestic skyline rises like an oasis on the prairie landscape. Over a half-million trees grace its streets and provide a lush canopy for the 559 hectares of city parkland dotted throughout the city. Without Regina's superb weather, this urban forest could not grow. The Queen City is the sunniest capital city in Canada with residents enjoying an average of 2,365 sunshine hours each year.

Regina is committed to maintain this beauty by preserving the environment. As well, residents have embraced the City's two most popular recycling programs; Big Blue Bin and Paint It Recycled. In 2003, the two programs diverted between 4,500 to 5,200 tonnes of paper and over 36,000 litres of paint and solvents from the City's landfill.

Commuters rose to the challenge in 2003 to win the national 2003 Commuter Challenge in the 100,000 to 400,000 population category. Event organizers estimated that commuters prevented the emission of nearly 17,000 kilograms of pollution from entering the atmosphere during the week-long event in June.

The City of Regina is also committed to reducing greenhouse gases. In 2002, it completed its $6 million Building Energy Retrofit program, which reduced emissions by an estimated 3%. The City also purchased more compressed natural gas (CNG) buses for its Paratransit fleet. In addition to reducing harmful emissions, each CNG bus provides approximately $2,500 in fuel savings each year.

Regina was proud to host the Municipal Leaders' Forum on Implementing Kyoto in 2003. The Forum allowed municipal councillors and mayors from across Canada to develop strategies to implement the Kyoto Protocol in their communities.

The city's compact size allows its 190,100 residents to travel from one end of the city to the other in less than a half hour. Short commute times allow Regina's closely-knit community more time to pursue leisure activities. Many residents enjoy recreational sporting activities and take advantage of Regina's civic facilities, such as our 225 ball parks, 82 athletic fields, seven arenas, six golf courses, three leisure centres, and the Fieldhouse and Lawson Aquatic Centre. Residents also visit many of the world-renowned art galleries in the city, including the MacKenzie Art Gallery, which celebrated its 50th Anniversary in 2003.

Music lovers are attracted to Regina for its wide variety of festivals and concerts. Saskatchewan's largest folk music festival, the Regina Folk Festival, is held every August in Victoria Park. Canada's oldest continuous symphony orchestra, the Regina Symphony Orchestra, hosts approximately 80 concerts yearly, including the famous "Beethoven at Buffalo Pound" outdoor concert attended by thousands of people from across Saskatchewan. The musical highlight of the year occurred in September when hundreds of musicians, industry professionals, and fans descended on the city to participate in the first annual Western Canadian Music Awards.

Regina is proud of its multi-cultural heritage. In June, residents and visitors from across the province enjoy the Mosaic Festival, a city-wide event where the proud heritage of our residents is celebrated at pavilions representing countries from around the globe. Each September, over 700 paddlers participate in

the Regina Dragon Boat Festival, held in Wascana Park. In 2003, the city's annual Pow Wow was held in June as part of the grand opening celebrations for the First Nations University of Canada building.

Formerly known as the Saskatchewan Indian Federated College, the First Nations University of Canada is the only First Nations controlled, post-secondary institution in the country to be granted membership in the Association of Universities and Colleges of Canada. Its campus is part of the knowledge corridor that encompasses the University of Regina, the Saskatchewan Institute of Applied Science and Technology (SIAST), Luther College, and Campion College. Statistics Canada reports that over 54% of Regina's residents have some post-secondary education, with over 12,000 students enrolled in some form of post-secondary education for the fall 2003 semester.

The University of Regina maintained its sixth-place ranking in the comprehensive category in Maclean's Magazine's 2003 annual university issue. During the year, the University of Regina completed work on its new Emergency Energy Center and the landscaping of its Academic Green. Work continued on its new $35 million Students' Residence and the new $31 million Centre for Kinesiology, Health and Sport. Both are scheduled to open before the start of the 2004 Fall semester.

Celebrating our Centennial

Regina marked its 100th anniversary of its incorporation as a city throughout the year. Beginning with the Mayor's Levee on New Year's Day, over 130 centennial events and festivals were enjoyed throughout the year.

The official Centennial celebration was held from June 19 to 22 and was attended by many dignitaries including His Royal Highness, The Earl of Wessex. The first day saw a re-enactment of the signing of the proclamation of Regina's incorporation as a city. HRH The Earl of Wessex received a warm welcome from residents during a formal program at City Hall, followed by a royal walkabout through Victoria Park. The Old Post Office was renamed the "Prince Edward Building" in his honour. A local park was also renamed as "Queen Elizabeth II Jubilee Park", in honour of the Queen's 50 years as Canada's monarch.

Thousands of residents and visitors came to Wascana Centre on the second day to enjoy "The Night of 100 Stars". In addition to musical concerts, citizens enjoyed many family activities and children's rides in the warm summer evening. However, a fierce thunderstorm postponed a spectacular Government of Canada's musical fireworks display over Wascana Lake until the following evening.

The final day was celebrated with a multi-faith forum at City Hall and the grand opening of the First Nations of Canada building at the University of Regina.

Promising Future

With its pioneering spirit very much alive, Regina confidently welcomes the opportunities and challenges in its future.

The Conference Board of Canada reported in its *Metropolitan Outlook – Winter 2004* that Regina will post the highest real GDP growth rates among the 18 cities examined in the report. The Conference Board of Canada forecasts a rosy 5.1% in Regina's growth for 2004, which would lift "employment growth to a very sound 3.9%".

In 2003, Standard and Poor's rating service reaffirmed Regina's AA+ credit rating, with the anticipation "that the city will continue to record very strong operating surpluses and that the population and the taxable assessment base will expand at low but positive rates".

In preparation for the Province's Centennial in 2005, and for the 2005 Canada Summer Games, two key landmarks will be revitalized over the next two years.

All three levels of government contributed to the $18 million Wascana Lake Urban Revitalization Project which will deepen the lake to 5.5 metres from its current average of 1.5 metres. The Project will also include enhancements to Wascana Centre, such as a promenade at the Albert Street Bridge, a creation of a new island within the lake, and a fountain and waterfall to increase aeration.

The second is the creation of a $12 million multi-purpose facility in Regina Exhibition Park. The impressive facility will be used during the 2005 Summer Games, where over 4,500 athletes, coaches, managers and officials will represent the country's ten provinces and three territories.

When they arrive, these visitors will be able to enjoy a new, spacious air terminal building at Regina International Airport. The Airport, which handled over 725,000 passengers in 2003, announced plans for a $15 million re-development and expansion, which should be completed in July 2005.

Projects such as these help Regina meet City Council's Vision for 2010 as a place that is people-centered; a city that is recognized for its social, environmental, and economic sustainability; and a city that is plainly "a good place to live".

The next one hundred years look promising indeed.

City Council

Regina uses a Council/Manager form of government. It is comprised of a City Council, standing committees, and other committees, boards and commissions. City Council's primary responsibility is to provide policy direction under which the municipality operates. Council also sets the long-range service goals, and approves the municipality's operating and capital budgets.

Regina City Council consists of a Mayor and ten Councillors. Each Councillor represents one city ward for a three-year term. The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's official signing officers. The City Council members for the 2003 – 2006 term are shown below:

Back row
Mayor Pat Fiacco

Fourth row, left to right
Councillor Vic McDougall
Councillor Bill Hutchinson
Councillor Wade Murray

Third row, left to right
Councillor Michael Fougere
Councillor Bill Gray
Councillor Fred Clipsham

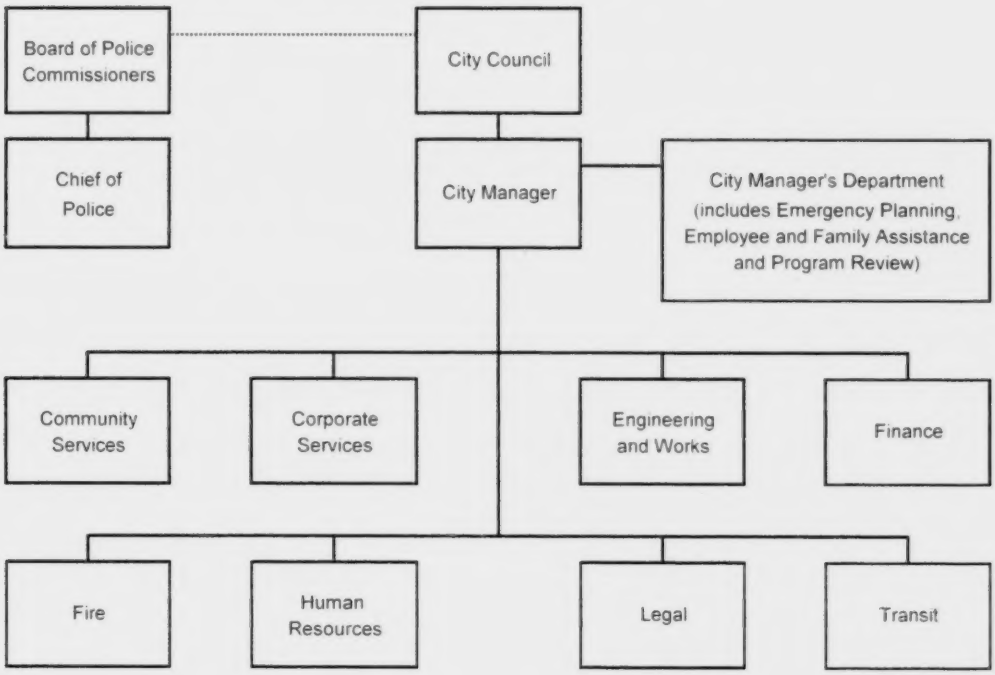
Second row, center
Councillor Jerry Flegel

Front row, left to right
Councillor Terry Hincks
Councillor Sharron Bryce
Councillor Mike Badham

City Administration

The City Manager is the Chief Administrative Officer of the City and is appointed by City Council. The City Manager's Bylaw 2003-70 outlines the responsibilities, accountabilities and authority for the position. The City Manager advises Council on all matters related to the City's programs and services and is responsible and accountable for directing and organizing the administration to achieve the goals and objectives of City Council in the most economic, effective and efficient manner.

City of Regina Organizational Structure



City Manager's Department

The management of the civic administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and Regina Administration Bylaw 2003-69. The City Manager is responsible to City Council for the efficient and effective operation of the City in accordance with City Council policies, decisions and bylaws. The City Manager provides guidance and leadership to the civic administration to achieve the goals and objectives established by City Council.

In addition to the Office of the City Manager, the City Manager's Department includes three divisions:

- Emergency Planning is responsible for planning response to major emergencies or disasters. This division coordinates the activities of other City departments, government departments, private industry and volunteers who respond to major emergencies.

- Program Review, in cooperation with civic departments, provides comprehensive analytical and functional reviews of specific City programs. Major reviews undertaken have examined Fire Services, Fleet Services, the corporate radio system, Transit, overtime at the City and recreation fees and charges.

- The Employee and Family Assistance Program is a cooperative effort between the City and its unions and associations. Its purpose is to provide employees, their immediate family and retired employees confidential and professional counselling to assist them to overcome personal problems.

Community Services Department

Community Services provides services that enhance the quality of life for the citizens of Regina and includes the following six Divisions.

- The Building Division is responsible for residential and commercial building inspections, permit processing and the Residential Rehabilitation Assistance Program (RRAP) inspections.

- The Bylaw Enforcement Division is responsible for property standards enforcement and general bylaw enforcement.

- The Community and Leisure Services Division has four major responsibilities:

To maximize citizen participation and satisfaction in the services offered at City facilities in a cost-effective manner.

To work closely with community associations and the non-profit sector to develop partnerships and to facilitate the development and delivery of programs and services (social and recreational) in the community.

To undertake market research, community needs and opportunities analysis, and evaluation of programs and services.

To coordinate the City's role in the arts, culture and heritage communities in Regina.

- The Parks and Open Space Management Division is responsible for park maintenance and upkeep, irrigation systems, weed control, outdoor floral displays, cemeteries, Regina's urban forest, athletic fields and community extension and awareness programs.

- The Project Services and Landscape Design Division is responsible for the planning, policy development and landscape design process to provide direction and support for the effective delivery of parks, recreation and community services.

- The Urban Planning Division facilitates the growth and development of the City through the development of strategic, long-range use policies and housing policies. These policies are implemented through appropriate guidelines, regulations, controls and zoning standards.

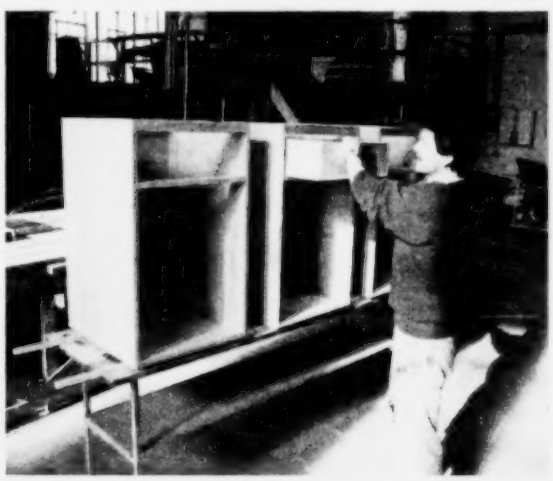
Corporate Services Department

The Corporate Services Department primarily provides support and services to assist other City departments.

- The City Clerk's Division acts as the Corporate Secretary. Staff from the Division arrange Council and Committee meetings, provide advice on procedural questions, document proceedings and distribute decisions. The City Archives, Bylaw retention and corporate records management are also included, along with the provision of secretarial support to City Councillors.

  The City Clerk is the Signing Officer for city contracts and the Returning Officer for municipal elections.

- The Facilities/Energy Management Division is responsible for the building and maintaining of city facilities, the management of a central stores and bulk materials operation, the administration of an energy management program for facilities and equipment, and the management of an air pollution reduction program.



- The Fleet Services Division is responsible for the management and maintenance of the City's fleet of vehicles and equipment. It is also responsible for the provision of equipment operator training services.

- The Information Systems Division oversees the integration, security and sharing of data information within the corporation while providing support for current applications and identifying new technology opportunities and potential applications.

- The Pension and Benefits Division administers pension plans, long term disability and group dental, medical and life insurance benefits on behalf of the City and the Pension Administration Boards.

- The Public Affairs Division promotes the City as a community and works to develop an understanding and appreciation among Regina's citizens of the programs and services of the City. Public Affairs accomplishes this through the coordination and direction of media relations, advertising and production services, along with external communications and internal communications for the City.

- The Real Estate Division acts as the City's in-house realtor, providing all property purchasing, leasing and selling services, land development services and real estate-related consultation for all City departments'.

Engineering and Works Department

The Engineering and Works Department consists of the following divisions:

- Development and Technical Services and the Administrative Services Divisions support the other two divisions through the provision and coordination of technical and administrative services

- Roadways and Traffic Division is responsible for the planning, design, construction and related services used in managing the City's infrastructure. The infrastructure includes streets, roads, alleys and sidewalks, street lights, traffic signs and traffic signals to ensure the safe and efficient movement of people and goods.

- Sewer, Water, and Waste Management Division operates, maintains, constructs and repairs the City of Regina's infrastructure assets on a 24-hour basis. The division also collects and disposes of solid waste and provides opportunities for waste diversion. The infrastructure assets include water supply lines and pumps, water distribution pipes, valves and hydrants, water meters, sewer lines, lift stations and the four-stage Sewage Treatment Plant the goals of which include proper surface drainage, routing and control and the protection and preservation of the natural environment.

Finance Department

The Finance Department is responsible for the financial administration of the City of Regina. The Director of Finance is the Chief Financial Officer for the City of Regina, with the authority, duties and responsibilities as set out in the Regina Administration Bylaw 2003-69. The Department includes the following Divisions:

- The Assessment Division is responsible for assessing all properties in accordance with *The Cities Act* and the assessment manual adopted by the Saskatchewan Assessment Management Agency.

- The Corporate Budget Division is responsible for co-ordinating the development of and monitoring the operating and capital budgets of the City of Regina.

- The Debt and Investment Division is responsible for providing support to and managing the work of the Pension and Investment Board, managing the investment of City funds, and managing the City's debt requirements. The Pension Investment Board is contracted by the administrative boards of the various pension and benefit plans to manage the investments of those plans.

- The Financial Administration Division is responsible for maintaining corporate accounting, financial reporting, processing payrolls and accounts payable, managing disbursements and certain receivables, acquisitions and providing financial administration support to several of the major operating departments.

- The Revenue Administration Division is responsible for assessment administration, along with billing property taxes by applying the appropriate tax rates (mill rate and mill rate factor) to the assessed values. The scope of the Division also includes the administration of other corporate revenues including water, wastewater and drainage charges, licenses (business, taxi, bike, dog and cat), parking tickets, local improvements and amusement tax.

Fire Department

The Fire Department provides fire suppression, rescue, emergency response to dangerous situations such as hazardous material incidents, fire prevention by means of public education and awareness, inspections and enforcement of fire codes and regulation.

The Fire Department actively participates in many community activities, specifically, Keeping Our Community Safe, Community Stories (children's reading program), Chili for Children, Smoke Alarm Installation, and Learn Not to Burn Programs. These activities provide opportunity in the accomplishment of fire safety and awareness.

Emergency Medical Response is being enhanced through the introduction of an Emergency Medical Training Captain position. The future fire service medical response will be basic life support (BLS) delivery by Emergency Medical Technicians/Primary Care Paramedics (EMT/PCP).

Human Resources Department

The mission of the Human Resources Department is to build partnerships with management to support their efforts in effectively managing their human resources within a culture of respect and value.

Support is provided through four key lines of business: labour relations, classification, compensation and policy; employment and organizational development; occupational health, safety and prevention; and human resource information and systems.

Legal Department

The Legal Department provides legal services to the Corporation, including the defence of all actions against the City, the prosecution of offences and risk management services. The Legal Department also provides some legal services to the Regina Police Service, Buffalo Pound Water Administration Board and the Regina Public Library.

Transit Department

The Transit Department provides regular bus route service within the City of Regina, including the provision of information regarding bus routes, and advertising and marketing programs to promote the use of public transportation. This results in an efficient and effective means of public transportation. It also improves accessibility to the core area to promote downtown redevelopment and expansion, and to meet the travel demand generated by higher density growth. Through Regina Paratransit Service, the Department also provides service to nearly 5,000 residents who are unable to use the regular transit service.

Police Department

The City of Regina, pursuant to *The Police Act, 1990*, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration and operation of the Police Service, the maintenance of law and order within the municipality, and discipline within the Police Service. The annual Police budget must be approved by City Council.

In 2003, the Regina Police Service moved forward with three initiatives that had been in progress for several years. On February 25, 2003, the Service became the Public Safety Answering Point for approximately 1/3 of the province, allowing for response to 9-1-1 calls emanating from both urban and rural areas. A new radio system, integrating service providers became operational in the fall of 2003, allowing for more efficient, effective communication between Police, Fire, EMS, Emergency Planning and all other city services. In response to an unprecedented cycle of attrition, the Regina Police Service established a Strategic Recruiting Initiative focused on continued recruitment of qualified personnel representative of the community served.

The core functions of the Regina Police Service continue to be emergency response, quality investigations/response to non-emergency calls, traffic safety and crime prevention/community building. Building on community partnerships and trust, an energetic and professional workforce, and a progressive, optimistic vision for the future, the Regina Police Service remains, in co-operation with the citizens of Regina, dedicated to building a safe and caring community.

Financial Section

Consolidated Financial Statements

Management's Report

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of management. The Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgements of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and the financial records are reliable for the preparation of financial statements.

City Council fulfils its responsibility for financial reporting through its Finance and Administration Committee. The Committee consists of elected officials who meet regularly to consider financial issues. The Committee also approves the annual audit plan and reviews and approves the Consolidated Financial Statements prior to their submission to Council.

Deloitte & Touche LLP, Chartered Accountants, as the City's appointed external auditors, have audited the Consolidated Financial Statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Bob Linner
City Manager

Doug Fisher, CA
Director of Finance

Auditors' Report

To: His Worship the Mayor and Members of City Council

We have audited the consolidated statement of the financial position of the City of Regina as at December 31, 2003 and the consolidated statements of financial activities and changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Regina as at December 31, 2003, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles for local governments recommended by the Canadian Institute of Chartered Accountants.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
May 19, 2003

Consolidated Statement of Financial Position

As at December 31, 2003
(in thousands of dollars)

	2003	2002 (Restated)
FINANCIAL ASSETS		
Cash	**8,813**	10,770
Short-Term Investments - Note 3	**34,633**	36,550
Accounts Receivable	**29,969**	27,623
Taxes Receivable - Note 4	**6,118**	6,263
Long-Term Investments - Note 5	**66,473**	84,891
Financial Assets	**146,006**	166,097
LIABILITIES		
Accounts Payable and Accrued Liabilities	**30,346**	27,834
Taxes Payable to School Boards	**5,085**	4,305
Deferred Revenue	**4,286**	4,617
Lease Obligations - Note 6	**2,540**	2,546
Long-Term Debt - Note 7	**57,100**	66,700
Employee Benefit Obligations - Note 8	**26,514**	24,751
Pension Liability - Note 9	**5,979**	4,899
Landfill Closure and Post-Closure - Note 10	**12,784**	13,063
Liabilities	**144,634**	148,715
Net Financial Assets	**1,372**	17,382
NON-FINANCIAL ASSETS		
Property Held for Resale - Note 11	**1,636**	2,174
Materials and Supplies	**3,342**	3,279
Net Assets - Note 12	**6,350**	22,835

See accompanying notes to consolidated financial statements.

Consolidated Statement of Financial Activities and Changes in Net Assets

For the Year Ended December 31, 2003
(in thousands of dollars)

	Budget 2003	**Actual 2003**	Actual 2002 (Restated)
REVENUE			
Taxation - Note 13	119,814	**116,118**	114,921
Fees and Charges	72,644	**74,955**	70,777
Government Transfers - Note 14	19,846	**23,871**	13,692
Electrical Distribution	19,900	**20,746**	19,987
Gas Distribution	7,850	**9,613**	7,874
Interest and Penalties	5,725	**7,594**	7,533
Licenses, Fines and Levies	6,371	**6,177**	6,546
Development Charges	1,398	**2,957**	2,468
Land Sales	-	**2,141**	954
Other Revenues	386	**643**	2,881
	253,934	**264,815**	247,633
EXPENDITURES			
Water, Wastewater and Drainage	65,237	**62,273**	37,397
Police	43,367	**44,945**	39,056
Parks, Recreation and Community Services	45,274	**44,545**	40,391
Legislative and Administrative Services	38,460	**36,989**	35,443
Roads and Traffic	33,356	**31,457**	29,247
Fire	23,612	**23,382**	21,529
Transit	20,010	**19,420**	19,233
Waste Collection and Disposal	6,845	**7,817**	6,259
Grants	4,155	**4,349**	3,977
Planning and Development	3,826	**3,899**	4,018
Other	1,763	**1,749**	3,113
	285,905	**280,825**	239,663
Excess of (Expenditures Over Revenues) Revenues Over Expenditures		**(16,010)**	7,970
(Decrease) Increase in Non-Financial Assets		**(475)**	50
(Decrease) Increase in Net Assets		**(16,485)**	8,020
Net Assets, Beginning of Year, as Previously Reported		**25,533**	17,306
Prior Period Adjustment - Note 2		**(2,698)**	(2,491)
Net Assets, Beginning of Year, as Restated		**22,835**	14,815
Net Assets, End of Year		**6,350**	22,835

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002 (Restated)
OPERATING ACTIVITIES		
Excess of (Expenditures Over Revenues) Revenues over Expenditures	(16,010)	7,970
Net Change in Non-Cash Working Items		
Increase in Accounts Receivable	(2,346)	(2,082)
Decrease in Taxes Receivable	145	975
Increase in Accounts Payable and Accrued Liabilities	2,512	4,044
Increase (Decrease) in Taxes Payable to School Boards	780	(4,555)
(Decrease) Increase in Deferred Revenue	(331)	957
Decrease in Lease Obligations	(6)	(125)
Increase in Employee Benefit Obligations	1,763	1,707
Increase (Decrease) in Pension Liability	1,080	(167)
(Decrease) Increase in Landfill Closure and Post-Closure	(279)	1,114
Net Change in Non-Cash Working Items	3,318	1,868
Cash (Used in) Provided by Operating Activities	(12,692)	9,838
INVESTING ACTIVITIES		
Sale (Purchase) of Long-Term Investments	18,418	(48,409)
Sale (Purchase) of Short-Term Investments	1,917	(2,093)
Cash Provided by (Used in) Investing Activities	20,335	(50,502)
FINANCING ACTIVITIES		
Long-Term Debt Issued	-	40,000
Long-Term Debt Retired	(9,600)	(5,600)
Cash (Used in) Provided by Financing Activities	(9,600)	34,400
Decrease in Cash Position	(1,957)	(6,264)
Cash Position, Beginning of Year	10,770	17,034
Cash Position, End of Year	8,813	10,770

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2003
(in thousands of dollars)

1. Significant Accounting Policies

The consolidated financial statements of the City of Regina (the City) are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in net assets and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the City for the administration of their financial affairs and resources and which are owned or controlled by the City, namely:

- General Operating and Capital Funds
- Water and Sewer Utility Operating and Capital Funds
- Regina Public Library
- Regina Regional Economic Development Authority
- Regina Downtown Business Improvement District
- Regina's Old Warehouse Business Improvement District

Inter-departmental and inter-organizational transactions and balances have been eliminated.

The City has an interest in the Buffalo Pound Water Administration Board, a Government Partnership, that is proportionately consolidated.

The City owns the Regina Pioneer Village, a Government Business Enterprise, that is accounted for using the modified equity method, consistent with the generally accepted accounting treatment for government business enterprises (Note 5). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated.

The City of Regina administers two trust funds: Perpetual Care Trust and the Williamson Driver Award. These trusts, amounting to 2,984 and 5 (2002 - 2,826 and 4), respectively, have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Changes in Net Assets. Details of these funds are published in the General Trust Financial Statements.

(b) Revenue and Expenditure Recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Note 1 (continued)

Property tax revenue is based on assessments determined in accordance with Saskatchewan legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of an amount for potential losses on assessment appeals outstanding as of December 31, 2003. While the outcomes of these appeals and the City's resulting obligations are uncertain, a provision has been recorded in Accounts Payable and Accrued Liabilities for potential losses on assessment appeals outstanding as of December 31, 2003. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

Penalties on overdue taxes are recorded in the period levied.

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5% respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City of Regina limits.

Gas distribution revenues consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payments in lieu of taxes received from SaskEnergy is equal to 5% of the gas and transportation fees levied by SaskEnergy to customers within the City of Regina limits. The payments in lieu of taxes received from TransGas is equal to 5% of the transportation fees and the deemed value of the gas transmitted to a direct sale customer within the City of Regina limits.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates can be made.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for local governments as recommended by the CICA requires management to make estimates and use assumptions that affect the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

(d) Investments

All investments are recorded at cost less amounts written off to reflect a permanent decline in value. Investment transactions are accounted for at the trade date. Interest income is recorded on the accrual basis.

(e) Materials and Supplies

Inventories of materials and supplies are valued at average cost.

(f) Taxes Collected for Others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivable.

Note 1 (continued)

(g) Deferred Revenue

The City receives development charge contributions, payments in lieu of parking and payments in lieu of dedication of land for public reserve under the authority of provincial legislation and City bylaws. These funds are restricted in their use and until applied to applicable works are recorded as deferred revenue. Amounts applied to qualifying are recorded as revenue in the fiscal period they are expended.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-division revenue, prepaid cemetery revenue and pre-season ticket sales from the various recreational facilities.

(h) Pension and Benefit Plans

The City sponsors contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to their contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multiemployer plans, the contributions are expensed when they are due and payable.

(i) Post-Employment Benefits

The City has various post-employment benefits and termination benefit obligations earned by employees and expected to be provided to them when they are no longer providing active service. In accordance with the new CICA PSAB Handbook Section PS3255 "Post Employment Benefits, Compensated Absences and Termination Benefits", such obligations have been recorded retroactively as a change in accounting policy for the fiscal year ended December 31, 2003.

The liability for Vested Sick Leave and Severance or Retirement Allowances have been determined on an actuarial basis. The liability for Vacation Pay and Banked Time in Lieu of Overtime have been accounted for at an undiscounted value at the current rate of pay.

(j) Capital Assets

Expenditures on capital assets are recognized as expenditures in the period the assets are acquired or constructed.

Note 1 (continued)

(k) Budget Information

Unaudited budget information is presented on a basis consistent with that used for actual results.

2. Prior Period Adjustment

During the year, the City retroactively changed its previously reported balances to comply with the requirements of Section 3255 of the Public Sector Accounting Board Recommendations for post-employment benefits. Previously, the value of benefits payable to employees for sick leave and severance on termination was valued based on the undiscounted vested amount. In 2003, the City changed its accounting policy to use an actuarially determined value for the obligation for sick leave and severance benefits (see Note 8).

Financial Statement	Balance as Previously Reported	Adjustment	Balance as Restated
Consolidated Statement of Financial Position			
Employee Benefits Obligation, December 31, 2002	22,053	2,698	24,751
Net Assets			
Opening, as originally stated, January 1, 2002	17,306	(2,491)	14,815
Opening, as originally stated, January 1, 2003	25,533	(2,698)	22,835
Consolidated Statement of Financial Activities and Changes in Net Assets			
Total Expenditures	239,456	207	239,663

3. Short-Term Investments

Short-term investments recorded at a cost of 34,633 (2002 – 36,550) have a market value approximating cost. The investment is in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes.

4. Taxes Receivable

Taxes receivable have been reported net of an allowance for doubtful accounts of 1,510 (2002 – 1,266). The allowances have been determined through an annual review of outstanding amounts.

5. Long-Term Investments

Long-term investments include investments in a pooled bond fund as well as in Regina Pioneer Village Ltd.

	Carrying Value		Market Value	
	2003	2002	**2003**	2002
Pooled Bond Fund	**59,456**	77,943	**60,178**	78,484
Regina Pioneer Village Ltd.	**7,017**	6,948		
	66,473	84,891		

A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

Regina Pioneer Village Ltd. is a non-profit association that operates a special care home, housing accommodations and other related services. The market value of Regina Pioneer Village Ltd. is not readily determinable. The following is a schedule of relevant audited financial information for Regina Pioneer Village Ltd.

Regina Pioneer Village Ltd.
Condensed Consolidated Statement of Revenues and Expenses
For the Year Ended March 31, 2003
(in thousands of dollars)

	2003	2002
Revenues		
Regina Health District	**14,375**	13,823
Other Revenue	**6,401**	6,197
Interest	**13**	14
	20,789	20,034
Expenses		
Salaries and Wages	**14,481**	13,940
Other Expenses	**6,239**	5,872
	20,720	19,812
Net Income	**69**	222

Note 5 (continued)

Regina Pioneer Village Ltd.
Condensed Consolidated Balance Sheet
For the Year Ended March 31, 2003
(in thousands of dollars)

	2003	2002
Current Assets	**3,421**	3,166
Capital Assets	**14,112**	14,270
Other	**807**	792
	18,340	18,228
Current Liabilities	**2,688**	2,478
Long-Term Liabilities	**8,635**	8,802
City of Regina Equity	**7,017**	6,948
	18,340	18,228

The following amounts relating to Regina Pioneer Village Ltd. have been included on the consolidated statements:

	2003	2002
Long-Term Investments	**7,017**	6,948
Fees and Charges	**69**	222

6. Lease Obligations

The City is committed to future minimum capital lease payments for computer equipment, software and building contracts expiring from February 28, 2004 to December 31, 2014. The interest rates implicit in the leases vary from 5.5% to 9.25%. The following is a schedule of future minimum lease payments under the capital leases together with the balance of the obligations under capital leases:

2004	776
2005	642
2006	325
2007	211
2008	211
Thereafter	1,341
Total Minimum Lease Payments	3,506
Less Amount Representing Interest	(966)
Balance of Obligations	2,540

In addition, the City is committed to future rental payments for operating leases totalling 576 (2002 – 640), of which 176 is payable in 2004 (2002 – 199).

7. Long-Term Debt

(a) Debt

The City's authorized debt limit as at December 31, 2003 is 94,000 (2002 – 94,000) of which 57,100 (2002 – 66,700) has been utilized. Total interest incurred on the debt during 2003 was 3,289 (2002 – 2,384). All debt is issued in Canadian dollars and is unsecured.

Year Repayable	Coupon Interest Rate %	Total Debt
2004	3.40 - 8.875	9,600
2005	3.90 - 9.000	9,600
2006	4.30 - 6.750	8,300
2007	4.55 - 6.750	8,300
2008	4.85 - 5.750	5,300
2009	5.050	4,000
2010	5.300	4,000
2011	5.450	4,000
2012	5.550	4,000
		57,100

(b) Bank Indebtedness

Pursuant to *The Regina Administration Bylaw*, 2003-69, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less 0.5%, payable monthly and may have securities of the City pledged or mortgaged as security for the debt obligation. At December 31, 2003, the City had no bank indebtedness. In 2003, no securities of the City were pledged as security for the debt obligation as provided by this bylaw.

8. Employee Benefit Obligations

Employee Benefit Obligations include:

	2003	2002 (Restated)
Vested Sick Leave	**9,561**	8,953
Severance or Retirement Allowances	**4,970**	4,787
Vacation Pay	**10,258**	9,370
Banked Time in Lieu of Overtime	**1,725**	1,641
Total Employee Benefit Obligations	**26,514**	24,751

Under certain union agreements and benefits provided to out-of-scope staff, unused sick leave can accumulate and employees may be entitled to a cash payment when they leave the employment of the City. Certain employees of the Police and Transit Departments are not eligible for vested sick leave benefits but may receive severance or retirement allowances.

Note 8 (continued)

The value of the obligations for vested sick leave and severance or retirement allowances are determined on an actuarial basis. The most recent actuarial accounting extrapolation report for Vested Sick Leave and Severance or Retirement Allowances was completed at December 31, 2003. Significant assumptions used in the extrapolation includes a discount rate of 5.5% and compensation increases, excluding merit and promotion, of 4.5%.

The vacation and overtime liability comprises the vacation and overtime that employees are deferring to future years. Employees who have deferred vacation and overtime can, under specific circumstances as outlined in administrative policies and/or contractual agreements, be paid out in cash. The liability for these benefits is determined using current rates of pay and is undiscounted.

Of this amount, 953 (2002 – 180) of the employee benefit obligation has been funded from current operations. The remainder, 25,561 (2002 – 24,571) is an obligation to be paid from future revenues (see Note 12).

9. Pension Liability

The City of Regina sponsors or co-sponsors jointly with other employers, contributory defined benefit or defined contribution pension plans for substantially all of its employees. Currently, there are four pension plans – Regina Civic Employees' Superannuation and Benefit Plan, Regina Police Pension Plan, Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan and Chief of Police Pension Plan. There is also a Regina Civic Employees' Long-Term Disability Plan.

(a) Regina Civic Employees' Superannuation and Benefit Plan

The Regina Civic Employees' Superannuation and Benefit Plan is a multiemployer defined benefit plan which includes employees of the Regina Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Regina Public Library Board, the Buffalo Pound Water Administration Board and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan.

Members' contributions are a percentage of salary ranging from 6.3 – 7.9%. The employers match the employees' contribution to the Plan. Beginning January 1, 2004, members' contributions will range from 9.48% – 14.05%. The employers will continue to match the employees' contribution to the Plan. Employees' contributions for 2003 were 5,423 (2002 – 5,411). The City's contributions for 2003 were 5,451 (2002 – 5,250).

The most recent actuarial valuation for the Plan was completed at December 31, 2002. Based on the projected benefit method, the deficiency of net assets available for benefits extrapolated to December 31, 2003 was 53,286 (2002 – 84,432). These costs will be shared between the employees and the employers.

The Regina Civic Employees' Superannuation and Benefit Plan is a multiemployer defined benefit plan in which a number of employers participate. Contributions by one participating employer are not segregated in a separate account or restricted to provide benefits only to employees of that employer. As a result, the amount of actuarial surpluses or deficits attributable to each employer is not determinable. Accordingly, the Plan is accounted for on a defined contribution basis and the amount of pension expense recorded in the financial statements is equal to the contributions required for the year.

Note 9 (continued)

(b) Regina Civic Employees' Long-Term Disability Plan

The Regina Civic Employees' Long-Term Disability Plan is a multiemployer defined benefit plan which includes employees of the Regina Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Regina Public Library Board, the Buffalo Pound Water Administration Board and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan.

Members' contribution are 1.28% (2002 – 0.83%) of salary. The employers match the employees' contribution to the Plan. Employees' contributions for 2003 were 1,472 (2002 – 643). The City's contributions for 2003 were 1,472 (2002 – 643).

The most recent actuarial valuation for the Plan was completed at December 31, 2001. Based on the projected benefit method, the deficiency of net assets available for benefits extrapolated to December 31, 2003 was 434 (2002 – 5,481).

The Civic Long-Term Disability Plan is a multiemployer defined benefit plan in which a number of employers participate. Contributions by one participating employer are not segregated in a separate account or restricted to provide benefits only to employees of that employer. As a result, the amount of actuarial surpluses or deficits attributable to each employer is not determinable. Accordingly, the Plan is accounted for on a defined contribution basis and the amount of pension expense recorded in the financial statements is equal to the contributions required for the year.

(c) Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Members' contributions are 3% (Casual Employees') and 6.95% (Elected Officials') of salary. The City matches the contributions to the Plan. Members' contributions for 2003 were 169 (2002 – 151). The City's contributions for 2003 were 169 (2002 – 151). Since this is a defined contribution plan, the City of Regina's pension expense is limited to their contributions to the plan.

(d) Regina Police Pension Plan

The Regina Police Pension Plan is a defined benefit pension plan. Member's contributions range from 9.33 – 10.83% of salary. The City's contribution to the plan ranges from 9.83 – 11.33%. Beginning January 1, 2004 members' contributions will range from 11.33% to 12.83% and the employer contributions will range from 11.83% to 13.33%. Pension fund assets are invested in marketable investments of organizations external to the City.

Actuarial valuations are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2000. The accrued benefit obligation shown for 2003 is based on an extrapolation of that valuation. There is a net unamortized actuarial loss of 9,646 (2002 – 18,490) to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups of 12.2 years.

The actuarial valuation was based on a number of assumptions about future events such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the City's best estimates. The expected inflation rate is 2.5% and

Note 9 (continued)

the rate of compensation increase is 3.5%. The discount rate used to determine the accrued benefit obligation is 7.0%.

Pension fund assets are valued at market values. The expected long-term rate of return on plan assets is 7.0%.

The City's portion of the pension liability and the pension/interest expense for the Regina Police Pension Plan are disclosed below.

Pension Liability for Regina Police Pension Plan
Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002
Accrued Benefit Obligations	189,477	178,423
Pension Fund Assets:		
Marketable Securities	(168,871)	(150,976)
	20,606	27,447
Unamortized Actuarial Losses	(9,646)	(18,490)
	10,960	8,957
Employees' Share of Liability	(5,276)	(4,259)
Pension Liability	5,684	4,698

The entire pension liability of 5,684 (2002 – 4,698) is unfunded and will be funded from future revenues.

Pension-Related Expense for Regina Police Pension Plan
Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002
Pension Expense		
Current Period Benefit Cost	2,456	4,680
Amortization of Actuarial Gains	741	(13)
Member Contributions	-	(2,781)
Pension Expense	3,197	1,886
Interest Expense		
Interest on the Average Pension Liability Outstanding during the Year	964	812
Total Pension-Related Expense	4,161	2,698

Note 9 (continued)

(e) Chief of Police Pension Plan

The Chief of Police Pension Plan is a defined benefit pension plan. The Chief of Police's contribution is 9% of salary. The City matches the Member's contribution to the plan subject to the maximum funding limits established in *The Income Tax Act* under Regulation 8515. Pension fund assets are invested in marketable investments of organizations external to the City.

Actuarial valuations are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2001. There is a net unamortized actuarial loss of 81 (2002 – 147) to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (2003 – two years; 2002 – three years).

The actuarial valuation was based on a number of assumptions about future events such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the City's best estimates. The expected inflation rate is 3.5% and the rate of compensation increase is 5.0%. The discount rate used to determine the accrued benefit obligation is 6.75%.

Pension fund assets are valued at market values. The expected long-term rate of return on plan assets is 6.75%.

Pension Liability for Chief of Police Pension Plan
As at December 31, 2003
(in thousands of dollars)

	2003	2002
Accrued Benefit Obligations	**792**	710
Pension Fund Assets:		
Marketable Securities	**(362)**	(308)
	430	402
Unamortized Actuarial Losses	**(81)**	(147)
	349	255
Undiscounted Value of Member's Future Contribution to Unfunded Liability	**(54)**	(54)
Pension Liability	**295**	201

As at December 31, 2003, 235 (2002 – 160) of the Pension Liability has been funded through operations and 60 (2002 – 41) remains to be funded from future revenues.

Note 9 (continued)

Pension-Related Expense for Chief of Police Pension Plan
Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002
Pension Expense		
Current Period Benefit Cost	**32**	27
Amortization of Actuarial Losses	**49**	17
Member Contributions	**(11)**	(10)
Pension Expense	**70**	34
Interest Expense		
Interest on the Average Pension Liability Outstanding during the Year	**29**	22
Total Pension-Related Expense	**99**	56

10. Landfill Closure and Post-Closure

Legislation requires closure and post-closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports. Closure and post-closure costs for the City's existing landfill site are estimated to total 26,290 (2002 – 26,125). The estimated total liability of 15,430 (2002 – 16,247) for these expenditures represent the sum of the discounted future cash flows for closure and post-closure activities for 32 years after closure. The discount rate of 5% was used.

The calculation of the reported liability of 12,784 (2002 – 13,063) is based on the cumulative capacity used at December 31, compared to the total estimated landfill capacity at the same date. Currently, 851 (2002 – 1,215) has been funded and 11,933 (2002 – 11,848) remains as an unfunded liability to be funded from future revenues. The estimated remaining capacity of the site is 1,800,000 tonnes,which is 17% of the site's total capacity. The existing landfill site is expected to reach capacity in the years 2009 – 2011.

The City has provided a reserve to fund future landfill capital expenditures. The reserve is funded through landfill fees. At December 31, 2003 the balance of this reserve was 6,841 (2002 – 7,558). In addition, 851(2002 – 1,215) has been appropriated to capital projects related to landfill closure.

The liability recognized in the financial statement is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgement. Amounts could change by more than a material amount in the long-term.

11. Property Held for Resale

Property acquired through the tax enforcement process and temporarily held is recorded at the lesser of cost and the net recoverable amount. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. Property held for resale has been reported net of an allowance of 858 (2002 – 945) to reflect a reduction in the potential market

Note 11 (continued)

value that may be realized upon sale. The allowances have been determined through review of each property held for resale.

Land acquired other than that acquired through the tax enforcement process is recorded at nominal value. At year end the approximate market value of land was 9,439 (2002 – 10,934).

12. Net Assets

Net Assets represent the equity of the City of Regina. In determining Net Assets, revenues and expenditures are recognized as they are earned and incurred, according to generally accepted accounting principles established by the PSAB of the CICA.

Council, through its annual budget process and other policies and bylaws, may fund certain amounts on a basis that differs from the expenditure recognition basis prescribed by PSAB. Obligations to be Paid from Future Revenue represent amounts that have been charged to expenditures according to generally accepted accounting principles, but will be funded from future revenues. Appropriations for Capital Projects and Reserves represent amounts that have been internally restricted for specific purposes. Unappropriated Net Assets represent equity that has not been designated for a specific use. Infrastructure to be Funded from Future Development charges represent infrastructure that has been constructed by the City, the costs of which are expected to be funded from future development charges.

	2003	2002 (Restated)
Unappropriated Net Assets		
City of Regina	**(681)**	1,743
Regina Public Library	**-**	-
Regina Pioneer Village	**7,017**	6,948
Regina Downtown	**21**	(29)
Regina's Old Warehouse Business Improvement District	**43**	-
Buffalo Pound Water Administration Board	**-**	-
Regina Regional Economic Development Authority	**114**	(1)
	6,514	8,661
Appropriations for Capital Projects		
General Capital	**24,559**	22,615
Utility Capital	**27,640**	48,061
Reserves	**56,553**	62,310
Obligations to be Paid from Future Revenues	**(102,878)**	(110,404)
Infrastructure to be Funded from Future Development Charges		
Roadways Development Charges	**(1,829)**	(3,224)
Water, Wastewater and Drainage Development Charges	**(4,209)**	(5,184)
Net Assets	**6,350**	22,835

Note 12 (continued)

Reserves include the following:

	2003	2002
City of Regina Reserves		
General Fund Reserve	**18,898**	19,345
Cultural Heritage Special Capital Project Reserve	**557**	1,039
Landfill Reserve	**6,841**	7,588
Golf Course Reserve	**179**	(14)
Winter Road Maintenance Reserve	**3,452**	3,435
Police Services Reserve	**221**	205
Regina Grants Reserve	**219**	276
Alley Maintenance Reserve	**-**	336
Cemetery Reserve	**233**	279
Employer Provided Parking Reserve	**429**	353
Social Development Reserve	**1,292**	1,292
Gravel Supply Reserve	**-**	518
Police Services Radio Equipment Reserve	**160**	283
Technology Reserve	**375**	334
Asphalt Plant Reserve	**711**	643
Equipment Replacement Reserve	**4,989**	9,477
Equipment Replacement Reserve - Transit	**150**	156
General Utility Reserve	**6,175**	5,693
Financial Commitments	**198**	548
Group Benefit Reserves	**7,120**	6,316
Internal Development Charges Reserve - Parks	**63**	-
Internal Development Charges Reserve - Dedicated Lands	**32**	-
	52,294	58,102
Other Entities' Reserves		
Buffalo Pound Water Administration Board Capital Replacement Reserve	**822**	682
Regina's Old Warehouse District Infrastructure Reserve	**26**	-
Regina Public Library	**3,411**	3,526
	4,259	4,208
Total	**56,553**	62,310

Obligations to be Paid from Future Revenues include:

	2003	2002 (Restated)
Lease Obligations - Note 6	**(2,540)**	(2,546)
Long-Term Debt - Note 7	**(57,100)**	(66,700)
Unfunded Employee Benefit Obligations - Note 8	**(25,561)**	(24,571)
Unfunded Pension Liability - Note 9	**(5,744)**	(4,739)
Unfunded Landfill Liability - Note 10	**(11,933)**	(11,848)
	(102,878)	(110,404)

13. Taxation Revenue

	2003	2002
Total Taxation Revenue Levied	**230,630**	225,907
Taxes Collected on Behalf of Others:		
Regina School Division No. 4	**(78,047)**	(76,010)
Regina Roman Catholic Separate School Division No. 81	**(36,465)**	(34,976)
Taxation Revenue for City of Regina Consolidated Entity	**116,118**	114,921
Comprised of:		
Municipal	**93,922**	92,917
Grants in Lieu	**8,051**	7,863
Supplementary Taxes	**1,115**	1,657
Other	**1,663**	1,590
Total Municipal Taxes	**104,751**	104,027
Regina Public Library	**10,078**	9,806
Grants in Lieu	**854**	807
Total Library Taxes	**10,932**	10,613
Regina Downtown	**323**	281
Regina's Old Warehouse District	**112**	-
	116,118	114,921

14. Government Transfers

The following government transfers have been included in revenues:

	2003	2002
Operating Transfers		
Federal	**679**	456
Provincial	**12,443**	10,248
	13,122	10,704
Capital Transfers		
Federal	**5,403**	1,377
Provincial	**5,346**	1,611
	10,749	2,988
	23,871	13,692

Government transfers do not include grants received in lieu of taxes from the federal and provincial government. These amounts are included in Taxation Revenue.

15. Related Party Transactions

The following related party transactions are included in the consolidated financial statements:

	2003	2002
Accounts Receivable include the following due from:		
The Regina Police Pension Plan	**154**	167
The Regina Civic Employees' Superannuation and Benefit Plan	**-**	900
The Regina Civic Employees' Long-Term Disability Plan	**200**	55
The Chief of Police Pension Plan	**-**	3
Accounts Payable and Accrued Liabilities include the following due to:		
The Regina Police Pension Plan	**33**	-
The Regina Civic Employees' Superannuation and Benefit Plan	**199**	44
The Regina Civic Employees' Long-Term Disability Plan	**1**	-
The Buffalo Pound Water Administration Board	**-**	122
Included in Revenues are the following amounts:		
The Regina Police Pension Plan	**448**	202
The Regina Civic Employees' Superannuation and Benefit Plan	**1,143**	709
The Chief of Police Pension Plan	**1**	-
Included in Expenses is the following amount:		
The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan	**15**	15

16. Government Partnership

The Buffalo Pound Water Administration Board operates under an agreement between the Cities of Moose Jaw and Regina for the purpose of operating the Water Treatment Plant at Buffalo Pound Lake to supply water to the two cities at cost. Any distribution of surplus (recovery of deficit), in a particular fiscal year is shared between the cities according to their respective usage.

All amounts are proportionately consolidated within the consolidated financial statements at 72.60% (2002 – 73.18%), the City's interest in the government business partnership.

All transactions between the entities are eliminated upon proportionate consolidation. Capital assets have been removed to be consistent with the City of Regina's accounting policies.

The following is a schedule of a relevant financial information as stated within the financial statement of the Buffalo Pound Water Administration Board. These amounts represent 100% of the Board's financial position and activities.

Note 16 (continued)

Buffalo Pound Water Administration Board
Condensed Statement of Financial Position
As at December 31, 2003
(in thousands of dollars)

	2003	2002
Financial Assets	2,805	2,402
Other Assets	72,388	70,983
	75,193	73,385
Liabilities	1,947	1,715
Equity	73,246	71,670
	75,193	73,385

Buffalo Pound Water Administration Board
Condensed Statement of Financial Activities
For the Year Ended December 31, 2003
(in thousands of dollars)

	2003	2002
Revenue	8,108	6,290
Expenditures	7,688	5,772
Excess of Revenue over Expenditures	420	518
Distribution to Partners	(420)	(518)
Balance for the Year	-	-

The following amounts relating to the Buffalo Pound Water Administration Board have been included on the consolidated statements:

	2003	2002
Financial Assets	2,036	1,757
Liabilities	1,413	1,255
Non-Financial Assets	54	37
Revenue	5,886	4,603
Expenditures	5,762	4,511

17. Operating Expenditures by Object

	2003	2002 (Restated)
Wages and Benefits	**134,577**	121,787
Capital Expenditures	**71,836**	43,261
Materials, Supplies and Other Goods	**36,997**	43,421
Utilities	**12,900**	9,188
Transfer Payments	**6,482**	6,358
Other Purchased Services	**4,294**	4,489
Professional and Special Services	**7,721**	6,437
Transportation and Communication	**6,018**	4,722
Total	**280,825**	239,663

18. Comparative Figures

Certain of the 2002 figures have been reclassified to conform to the 2003 financial statement presentation.

Schedule 1

Schedule of Financial Activities by Organization

For the Year Ended December 31, 2003

(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
REVENUE					
Taxation	104,751	-	-	-	**104,751**
Fees and Charges	22,807	51,393	-	-	**74,200**
Government Transfers	12,169	22	1,732	9,017	**22,940**
Electrical Distribution	20,746	-	-	-	**20,746**
Gas Distribution	9,613	-	-	-	**9,613**
Interest and Penalties	7,296	298	-	-	**7,594**
Licenses, Fines and Levies	6,177	-	-	-	**6,177**
Development Charges	-	-	2,022	899	**2,921**
Land Sales	2,141	-	-	-	**2,141**
Other	274	-	405	-	**679**
	185,974	51,713	4,159	9,916	**251,762**
EXPENDITURES					
Water, Wastewater and Drainage	-	29,486	-	32,951	**62,437**
Police	42,281	-	2,664	-	**44,945**
Parks, Recreation and Community Services	25,439	-	6,262	-	**31,701**
Legislative and Administrative Services	28,376	-	8,613	-	**36,989**
Roads and Traffic	18,784	-	12,224	-	**31,008**
Fire	22,057	-	1,325	-	**23,382**
Transit	17,530	-	1,890	-	**19,420**
Waste Collection and Disposal	4,170	-	3,647	-	**7,817**
Grants	4,349	-	-	-	**4,349**
Planning and Development	3,899	-	-	-	**3,899**
Other	1,749	-	-	-	**1,749**
	168,634	29,486	36,625	32,951	**267,696**
Excess of (Expenditures over Revenues) Revenues Over Expenditures	17,340	22,227	(32,466)	(23,035)	**(15,934)**
Increase (Decrease) in Non-Financial Assets	(492)	-	-	-	**(492)**
Change in Net Assets	16,848	22,227	(32,466)	(23,035)	**(16,426)**

Regina Pioneer Village	Regina Downtown	RREDA	Buffalo Pound	Regina Public Library	Regina's Old Warehouse District	Consolidation Adjustments	Consolidated 2003
-	323	-	-	10,932	112	-	**116,118**
69	83	346	5,886	541	50	(6,220)	**74,955**
-	-	459	-	871	-	(399)	**23,871**
-	-	-	-	-	-	-	**20,746**
-	-	-	-	-	-	-	**9,613**
-	-	-	-	-	-	-	**7,594**
-	-	-	-	-	-	-	**6,177**
-	-	-	-	-	-	-	**2,957**
-	-	-	-	-	-	-	**2,141**
-	-	-	-	-	-	-	**643**
69	406	805	5,886	12,344	162	(6,619)	**264,815**
-	-	-	5,762	-	-	(5,926)	**62,273**
-		-	-	-	-	-	**44,945**
-	-	690	-	12,847	-	(693)	**44,545**
-	-	-	-	-	-	-	**36,989**
-	357	-	-	-	92	-	**31,457**
-	-	-	-	-	-	-	**23,382**
-	-	-	-	-	-	-	**19,420**
-	-	-	-	-	-	-	**7,817**
-	-	-	-	-	-	-	**4,349**
-	-	-	-	-	-	-	**3,899**
-	-	-	-	-	-	-	**1,749**
-	357	690	5,762	12,847	92	(6,619)	**280,825**
69	49	115	124	(503)	70	-	**(16,010)**
-	-	-	17	-	-	-	**(475)**
69	49	115	141	(503)	70	-	**(16,485)**

Schedule of Changes in Components of Net Assets

For the Year Ended December 31, 2003
(in thousands of dollars)

	Unrestricted Net Assets	Appropriation For Capital Projects	Reserves	Obligations to be Paid from Future Revenues	Infrastructure to be Funded from Future Development Charges	Total
Opening Balance	8,661	70,676	62,310	(107,706)	(8,408)	**25,533**
Prior Period Adjustment - Note 2	-	-	-	(2,698)	-	**(2,698)**
Opening Balance, Restated	8,661	70,676	62,310	(110,404)	(8,408)	**22,835**
Change in Net Assets	39,016	(55,501)	-	-	-	**(16,485)**
Repayment of Long-Term Debt	(9,600)	-	-	9,600	-	-
Appropriation for Capital Projects	(20,996)	20,996	-	-	-	-
Transfer to Reserves	(12,641)	-	12,641	-	-	-
Decrease in Lease Obligations	(6)	-	-	6	-	-
Increase in Employee Benefit Obligations	990	-	-	(990)	-	-
Decrease in Unfunded Pension Liability	1,005	-	-	(1,005)	-	-
Increase in Unfunded Landfill Liability	85	-	-	(85)	-	-
Transfer from Reserves for Capital Projects	-	17,791	(17,791)	-	-	-
Transfer to Infrastructure to be Funded from Future Development Charges	-	(1,763)	(607)	-	2,370	-
Change	(2,147)	(18,477)	(5,757)	7,526	2,370	**(16,485)**
Closing Balance	6,514	52,199	56,553	(102,878)	(6,038)	**6,350**

General Trust Fund

Auditors' Report

To His Worship the Mayor and Members of City Council

We have audited the statement of financial position of the General Trust Fund as at December 31, 2003 and the statement of revenue, expenditures and change in fund balance for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Trust Fund as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
April 12, 2004

Statement of Financial Position

As at December 31, 2003
(in thousands of dollars)

	Perpetual Care Trust	Williamson Driver Award	Total 2003	Total 2002
Assets				
Cash	1	-	**1**	12
Long-Term Investments - Note 4	2,983	5	**2,988**	2,818
	2,984	5	**2,989**	2,830
Liabilities and Fund Balance				
Due to the City of Regina	439	1	**440**	284
Fund Balance	2,545	4	**2,549**	2,546
	2,984	5	**2,989**	2,830

See accompanying notes.

Statement of Revenue, Expenditures and Change in Fund Balance

For the Year Ended December 31, 2003
(in thousands of dollars)

	Perpetual Care Trust	Williamson Driver Award	Total 2003	Total 2002
Revenue				
Contributions	3	-	**3**	6
Investment Income	170	-	**170**	285
	173	-	**173**	291
Expenditures				
Cemetery Maintenance	170	-	**170**	284
	170	-	**170**	284
Excess of Revenue over Expenditures	3	-	**3**	7
Fund Balance, Beginning of Year	2,542	4	**2,546**	2,539
Fund Balance, End of Year	2,545	4	**2,549**	2,546

See accompanying notes.

Notes to Financial Statements

For the Year Ended December 31, 2003
(in thousands of dollars)

1. Purpose of Fund

The General Trust Fund holds two trusts as established by the City of Regina:

(a) Perpetual Care Trust – Established by the City of Regina under Section 19 of *The Cemeteries Act*. Funds received through the sale of cemetery plots are held in the trust and invested. Income earned on the investments is used to partially cover operating expenses incurred in the General Operating Fund of the City of Regina for perpetual care.

(b) Williamson Driver Award – Established under *The Trust Act*. A bond was bequeathed to the City and each year an award is made from the income to a Transit employee with a safe driving record.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered to be significant:

(a) The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(b) Investments are recorded at cost and are accounted for at trade date.

(c) Investment revenue is recorded on the accrual basis.

3. Financial Instruments

The carrying value of the due to other funds approximates the fair market value due to the short-term maturities of this instrument.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust's cash flows, financial position and income. This risk arises form differences in the timing and amount of cash flows related to the General Trust's assets and liabilities.

4. Long-Term Investments

The long-term investments consist of a pooled bond fund. A pooled bond fund is a group of individual bonds managed by an investment manager.

Investments are recorded at cost of 2,988 (2002 – 2,818) and have a market value of 3,069 (2002 - 2,882). The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

5. Statement of Cash Flows

A statement of cash flows has not been prepared for the year ending December 31, 2003, as it would not provide any additional information.

Statistical Section

Assessment and Taxation Information

Mill Rates

	Municipal	Schools	Library	Total
1999	17.9370	20.1890	1.9160	40.0420
2000	18.1760	20.3910	1.9350	40.5020
2001	17.6550	19.5290	1.8800	39.0640
2002	18.4190	19.7250	1.9080	40.0520
2003	18.6212	19.7247	1.9745	40.3204

Taxable Assessment (in thousands of dollars)

	Property	Business	Total
1999	4,804,994	195,249	5,000,243
2000	4,776,282	-	4,776,282
2001	5,227,401	-	5,227,401
2002	5,274,500	-	5,274,500
2003	5,318,533	-	5,318,533

Note: In 2000, the business tax was eliminated. The tax was reduced in 1998 and 1999 prior to the elimination in 2000.

Property Taxes

Taxation revenues result from municipal and library taxes levied on all properties in the City and business improvement levies assessed by the Business Improvement Districts on properties in the districts.

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

Taxable Assessment	x	Mill Rate	x	Mill Rate Factor	=	Property Tax

Mill rate factors are established for each property class or subclass. Within the residential property class, the mill rate factors are 0.8789 for residential single family and condominium, 1.2693 for multi-unit residential and 1.1900 for all other properties.

Assessment and Taxation Information

Tax Levies and Collection (in thousands of dollars)

	1999	2000	2001	2002	2003
Municipal Tax Levy	88,313	95,030	101,270	104,308	105,186
School Boards Tax Levy	108,336	104,083	110,805	110,986	114,512
Library Tax Levy	10,283	9,515	10,525	10,613	10,932
Total Tax Levy	206,932	208,628	222,600	225,907	230,630
Tax Levy Per Capita	1,100	1,102	1,163	1,205	1,208
Tax Arrears at End of Year	10,599	7,847	8,247	7,498	7,601
Arrears as a % of Total Tax Levy	5.12%	3.76%	3.70%	3.32%	3.31%

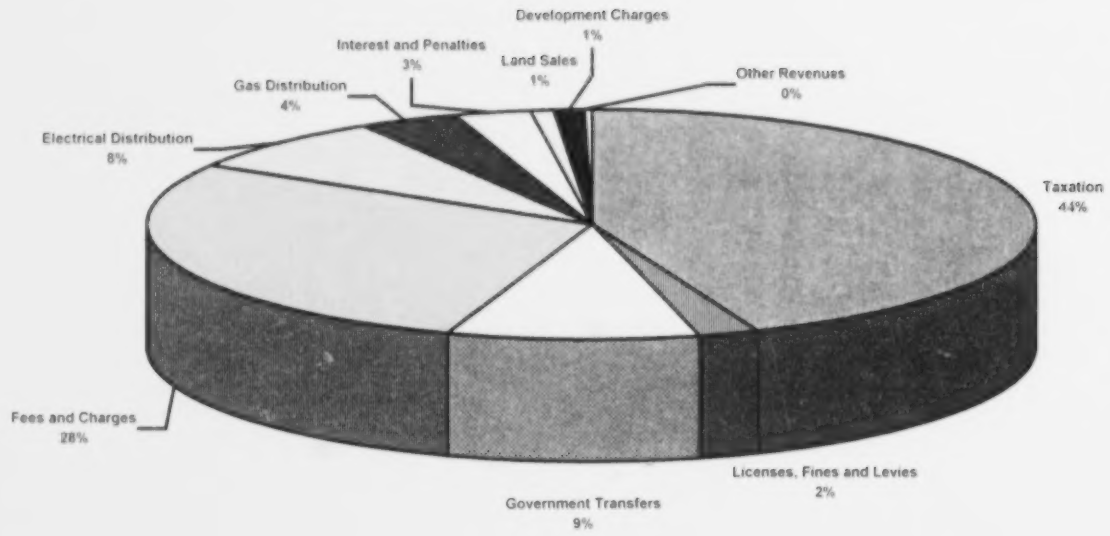
Major Property Taxpayers in Regina in 2003

	Registered Owner	Total Taxable Assessment (in thousands of dollars)
1.	Cadillac Fairview Corporation Limited	81,836
2.	HDL Investments Inc.	57,797
3.	Boardwalk Equities Inc.	54,926
4.	Consumer's Co-operative Refineries Limited	53,825
5.	Riocan Holdings Inc.	50,418
6.	Continental Saxon Holdings Limited	40,398
7.	Pyxis Real Estate Equities Inc.	34,158
8.	Saskatchewan Housing Corporation	29,854
9.	SGC Holdings Inc.	27,416
10.	Golden Mile G.P. Ltd.	25,786
11.	Westfair Properties Ltd.	22,513
12.	Regina Airport Authority	15,609
13.	First Willow Developments Ltd.	14,771
14.	Remai Investments Corporation	13,298
15.	The Trust Company of Bank of Montreal	13,106

The list of major taxpayers does not include properties where grants or payments in lieu of property tax are paid.

Financial Information

2003 Revenue Distribution

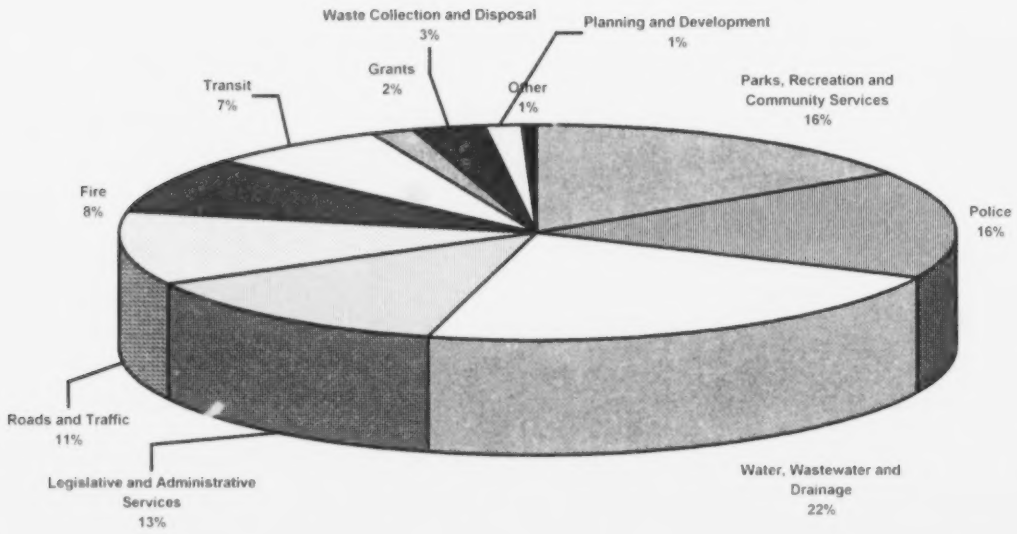


Revenue Summary (in thousands of dollars)

	1999	2000	2001	2002	2003
Taxation	108,726	104,545	111,795	114,921	116,118
Licenses, Fines and Levies	5,531	6,236	6,595	6,546	6,177
Government Transfers	7,455	9,948	14,583	13,692	23,871
Fees and Charges	64,958	64,688	69,413	70,777	74,955
Electrical Distribution	17,422	18,065	18,870	19,987	20,746
Gas Distribution	4,964	6,670	8,513	7,874	9,613
Interest and Penalties	6,345	5,512	5,054	7,497	7,594
Land Sales	337	3,035	1,108	954	2,141
Development Charges	2,100	2,703	2,089	2,468	2,957
Other Revenues	9,748	5,659	3,435	2,917	643
Total	227,586	227,061	241,455	247,633	264,815

Financial Information

2003 Expenditure Distribution



Expenditure Summary (in thousands of dollars)

	1999	2000	2001	2002	2003
Parks, Recreation and Community Services	38,498	43,340	41,482	40,391	44,545
Police	34,068	35,623	31,023	39,056	44,945
Water, Watewater and Drainage	44,294	38,444	39,378	37,397	62,273
Legislative and Administrative Services	21,751	28,147	28,863	35,443	36,989
Roads and Traffic	28,965	26,807	23,756	29,247	31,457
Fire	19,403	19,213	24,218	21,529	23,382
Transit	15,388	15,919	18,086	19,233	19,420
Grants	3,670	2,634	3,939	3,977	4,349
Waste Collection and Disposal	4,740	5,124	6,906	6,259	7,817
Planning and Development	3,561	3,758	4,010	4,018	3,899
Other	2,475	2,820	1,701	3,113	1,749
Total	216,813	221,829	223,362	239,663	280,825

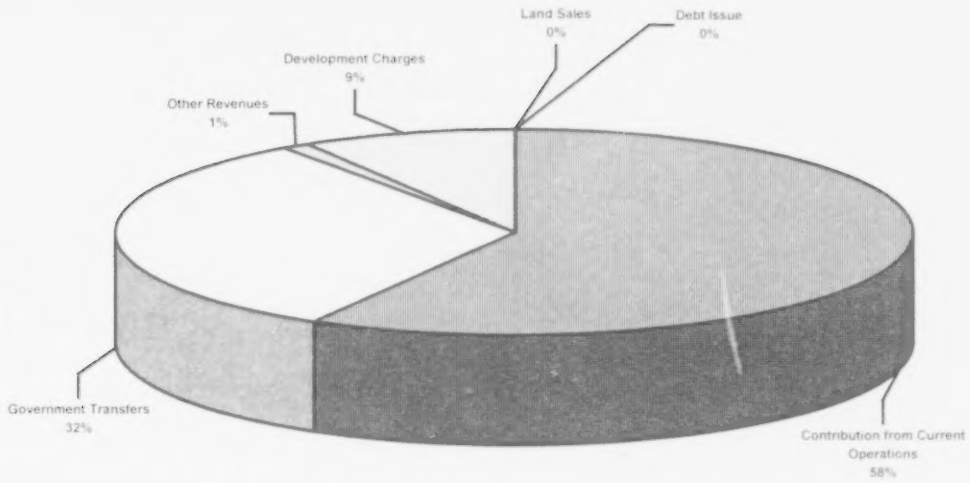
Financial Information

Operating Expenditures by Object (in thousands of dollars)

	1999	2000	2001	2002	2003
Wages and Benefits	105,989	109,273	108,587	121,787	134,577
Materials, Supplies and Other Goods	39,997	42,985	41,001	43,421	36,997
Capital Expenditures	31,925	37,799	40,337	43,261	71,836
Utilities	10,859	10,765	10,786	9,188	12,900
Transfer Payments	5,619	5,846	6,914	6,358	6,482
Finance Charges	13,217	7,340	5,659	4,489	4,294
Professional and Special Services	4,698	4,906	5,439	6,437	7,721
Transportation and Communication	4,509	2,915	4,639	4,722	6,018
Total	216,813	221,829	223,362	239,663	280,825

Financial Information

2003 Capital Funding Distribution



Capital Funding Summary (in thousands of dollars)

	1999	2000	2001	2002	2003
Debt Issue	-	-	-	40,000	-
Contribution from Current Operations	12,437	13,834	16,431	18,660	19,675
Government Transfers	130	1,750	5,408	2,988	10,749
Other Revenues	8,037	3,407	767	2,617	405
Development Charges	2,100	2,703	2,089	2,468	2,921
Land Sales	337	3,035	1,108	954	-
Total	23,041	24,729	25,803	67,687	33,750

Capital Expenditure Summary (in thousands of dollars)

	1999	2000	2001	2002	2003
General Municipal	21,422	23,741	26,736	29,840	36,625
Water and Sewer Utility	10,151	13,908	12,005	11,183	32,951
Total	31,573	37,649	38,741	41,023	69,576

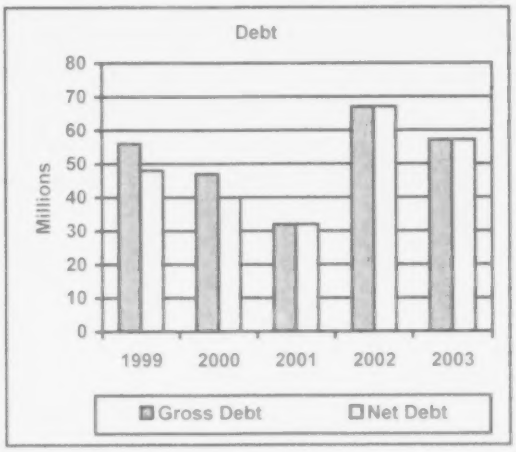
Debt Information

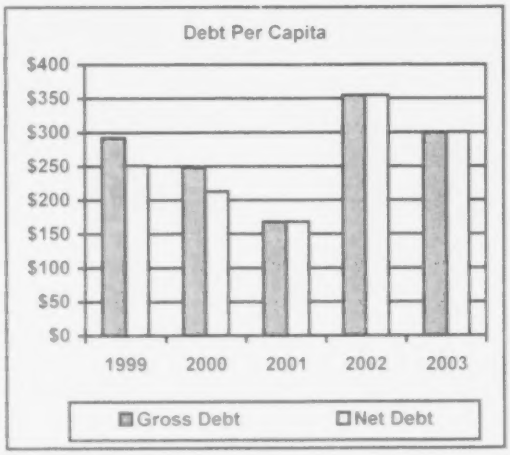
Debt at December 31, 2003 (in thousands of dollars)

The total amount of debt owing by the City of Regina is 57,100. This debt was issued for completion of water and sewer capital projects.

The City of Regina's authorized debt limit is 94,000 (2002 – 94,000). The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*. Of this amount, 57,100 (2002 – 66,700) has been utilized at year-end. The City of Regina does not have any overlapping debt from other municipalities. In 2001, all sinking fund debt was extinguished.

All debt is issued in Canadian dollars.





Debt Information

Debt Service Costs (in thousands of dollars)

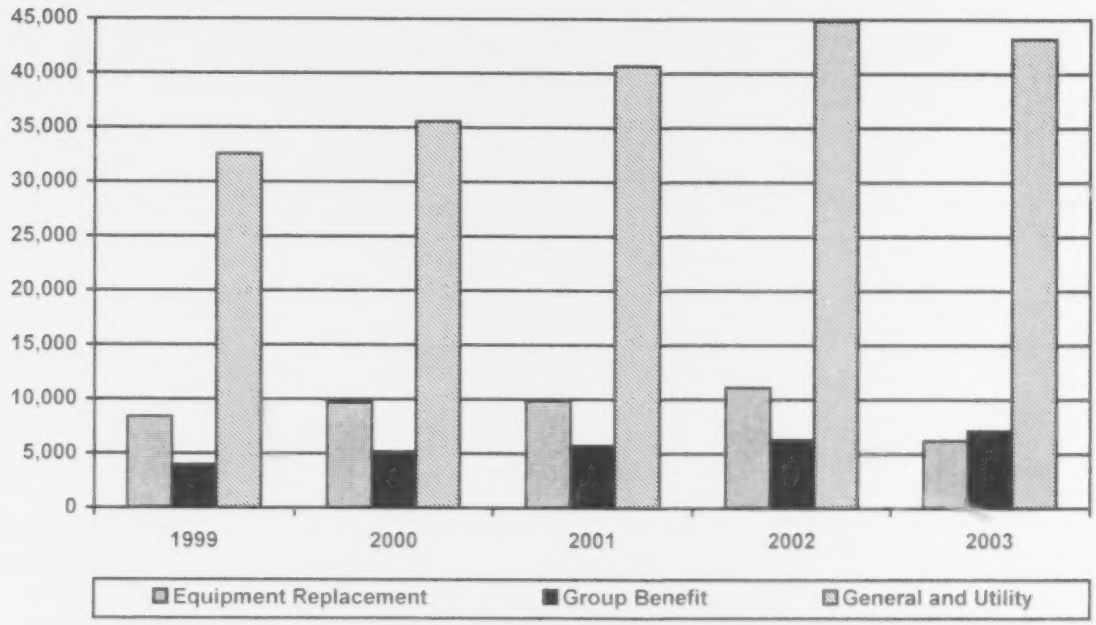
	1999	2000	2001	2002	2003
General Municipal Debt					
Principal	245	-	-	-	-
Interest	1,161	869	195	-	-
Sinking Fund Levies	406	296	60	-	-
	1,812	1,165	255	-	-
Water and Sewer Utility					
Principal	7,489	7,100	7,100	5,600	9,600
Interest	4,855	3,149	2,400	2,384	3,289
Sinking Fund Levies	920	86	15	-	-
	13,264	10,335	9,515	7,984	12,889
Total	15,076	11,500	9,770	7,984	12,889
Debt Service Costs as a Per Cent of Total Expenditures	7.7%	5.9%	4.8%	3.3%	4.6%
Debt Service costs as a Per Cent of Total Revenues	7.4%	5.5%	4.3%	3.2%	4.9%

Analysis of Debt (in thousands of dollars)

	1999	2000	2001	2002	2003
Total Debt Outstanding (Beginning of Year)	77,459	55,768	46,878	32,300	66,700
Debt Issued During Year	-	-	-	40,000	-
Debt Repayments During Year	(21,691)	(8,890)	(14,578)	(5,600)	(9,600)
Total Debt Outstanding (End of Year)	55,768	46,878	32,300	66,700	57,100
General Municipal Debt Outstanding (End of Year)					
- City of Regina's Share	4,790	3,709	-	-	-
- Property Owner's Share (Local Improvements)	1,912	1,203	-	-	-
	6,702	4,912	-	-	-
Water and Sewer Utility Debt Outstanding (End of Year)					
- City of Regina's Share	48,899	41,799	32,300	66,700	57,100
- Property Owner's Share (Local Improvements)	167	167	-	-	-
	49,066	41,966	32,300	66,700	57,100
Total Debt Outstanding	55,768	46,878	32,300	66,700	57,100

Reserve Information

Reserves for Future Expenditures (in thousands of dollars)



	Equipment Replacement Reserves	Group Benefit Reserves	General and Utility Reserves	Total
1999	8,383	3,963	32,576	44,922
2000	9,737	5,174	35,551	50,462
2001	9,912	5,751	40,699	56,362
2002	11,128	6,316	44,866	62,310
2003	6,225	7,120	43,208	56,553

Demographic and Economic Information

	1999	2000	2001	2002	2003
Population	188,194	189,400	191,400	187,429	190,100
Building Permits					
Number	1,472	1,462	1,407	1,510	1,587
Value ($000's)	161,680	113,332	192,509	140,417	215,444
Urban Dwelling Starts					
Regina	530	470	564	720	746
Inflation Rate (%)					
Regina	1.8	2.6	1.8	2.7	2.3
Saskatchewan	1.9	2.6	3.1	2.8	2.3
Canada	1.7	2.7	2.5	2.3	2.8
Unemployment Rate (%)					
Saskatchewan	6.1	5.2	5.8	5.7	5.6
Canada	5.8	6.8	7.2	7.7	7.6
Average Selling Price of Homes					
Regina	90,181	94,518	96,943	100,751	104,419
Saskatchewan	91,396	94,047	98,310	101,297	104,995
Canada	158,080	164,091	171,910	188,138	206,318

Sources: City of Regina, Canadian Real Estate Association and Sask Trends Monitor.

City of Regina Personnel

	1999	2000	2001	2002	2003
Total Staff - Full-Time Equivalents (Permanent and Casual)	2,175	2,195	2,226	2,259	2,278
Increase from Previous Year	7	20	31	33	19

Related Boards and Authorities

Regina Pioneer Village
430 Pioneer Drive
Regina, Saskatchewan S4T 6T8
Fax: (306) 757-5001
Phone: (306) 751-5225
Contact: Mr. Dick Chinn

Regina Downtown
1950 - 12th Avenue
Regina, Saskatchewan S4P 4J6
Fax: (306) 359-9060
Phone: (306) 359-7541
Contact: Ms. Tracy Fahlman

Regina Regional Economic Development Authority (RREDA)
255, 1919 Rose Street
Regina, Saskatchewan S4P 3P1
Fax: (306) 352-1630
Phone: (306) 522-0227
Contact: Mr. Larry Hiles

Regina Public Library
2311 – 12th Avenue
P.O. Box 2311
Regina, Saskatchewan S4P 3Z5
Fax: (306) 352-5550
Phone: (306) 777-6060
Contact: Ms. Colleen Schommer

Buffalo Pound Water Administration Board
c/o City of Regina
Queen Elizabeth II Court
P.O. Box 1790
Regina, Saskatchewan S4P 3C8
Fax: (306) 777-6806
Phone: (306) 777-7411
Contact: Mr. David Calam

Regina's Old Warehouse Business Improvement District
Stn Main P.O. Box 942
Regina, Saskatchewan S4P 3B2
Fax: (306) 585-1765
Phone: (306) 585-3948
Contact: Mr. Bruce Anderson

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